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Message Text

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ACTION ARA-14

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-01
INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02
SS-15 USIA-06 EB-07 COME-00 TRSE-00 FEAE-00 AID-05
IGA-02 FRB-03 XMB-02 /091 W
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R 232259Z JUN 77
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 8180
INFO G/AMEMBASSY BOGOTA 3536
AMEMBASSY PARIS
USCINCO QUARRY HEIGHTS CZ
USCINCLANT POLAD NORFOLK VA

C O N F I D E N T I A L CARACAS 6384

E.O. 11652: GDS
TAGS: ETRD,PINS, PFOR, VE, FR, EINV
SUBJECT: THIS WEEK IN VENEZUELA

REF: CARACAS 6164

SUMMARY: PRESIDENT PEREZ PREPARES FOR STATE VISIT TO U.S. DIEGO ARRIA CALLS FOR PARTICIPATORY DEMOCRACY IN SPEECH SOME MIGHT CONSIDER AN OPENING GUN IN AN INDEPENDENT PRESIDENTIAL AND/OR CONGRESSIONAL CAMPAIGN. MICHEL PONIATOWSKI, FORMER FRENCH INTERIOR MINISTER, VISITS VENEZUELA. BORDONI DENIES RESPONSIBILITY FOR FAILURE OF ITALIAN BANK. DEVELOPMENT MINISTER DISCUSSED MODIFICATION OF FOREIGN INVESTMENT REGULATIONS. END SUMMARY.

1. PRESIDENT PEREZ PREPARES FOR STATE VISIT TO U.S. FOREIGN MINISTER ESCOVAR TOLD THE PRESS THIS WEEK THAT PRESIDENT PEREZ IS LOOKING FORWARD WITH GREAT ANTICIPATION TO HIS VISIT NEXT WEEK TO THE U.S. ESCOVAR NOTED THAT PRESIDENTS PEREZ AND CARTER CAN BE EXPECTED TO DISCUSS
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NUMEROUS BILATERAL MATTERS, AS WELL AS LATIN AMERICAN POLICY, THE PETROLEUM ISSUE, AND THE NORTH-SOUTH DIALOGUE. PRESIDENT PEREZ LEAVES MONDAY, JUNE 27 AND WILL RETURN TO CARACAS JULY 3.

2. DIEGO ARRIA AT THE LECTURN. SPEAKING AT THE ANNUAL PRESS DINNER JUNE 22, INFORMATION MINISTER DIEGO ARRIA

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CALLED ON HIS FELLOW CITIZENS TO RID THEMSELVES OF THE
MENTAL HABITS OF THE PAST, NOTED THAT THE YOUNGER GENERA-
TION ACCEPTS DEMOCRACY AS A PART OF THE NATURAL ORDER,
BUT WISHES TO PERFECT IT, AND THAT YOUTH TODAY
IDENTIFIES THE "CIVILIZATION OF PETROLEUM" WITH CONFORM-
ITY, A "CONSUMER VORTEX" AND A COPYING OF LIFE STYLES
WHICH ARE REJECTED IN THEIR OWN COUNTRIES OF ORIGIN.
ARRIA SAID THAT VENEZUELA "HAS MORE TALENT THAN PETROLEUM"
AND THAT IT IS NECESSARY TO REMAKE THE SOCIETY TO DO AWAY
WITH BUREAUCRATIC SLUDGE, AND THE ISOLATION OF THE PRIVATE
SECTOR FROM THE MAINSTREAM OF SOCIETY. A TRUE NATIONAL
CONSENSUS MUST BE FORMED, HE SAID, AND HE, FOR ONE,
BELIEVES IT CAN BE ACCOMPLISHED BECAUSE HE IS AN OPTIMIST.
COMMENT: ARRIA WENT OUT OF HIS WAY TO PRIAISE PRESIDENT
PEREZ, BUT THE SUBSTANCE OF THE SPEECH WAS A POTPOURRI OF
FLOWERY AND RATHER VAGUE PHRASES WHICH STRESSED THE MALAISE
OF THE PRESENT BODY POLITIC. WHETHER THIS SPEECH IN
FACT MARKS THE OPENING GUN IN AN INDEPENDENT RACE FOR THE
PRESIDENCY AND/OR THE CONGRESS BY ARRIA REMAINS TO
BE SEEN, BUT IF HE DECIDES TO RUN, IT WILL SERVE.

3.MICHEL PONIATOWSKU VISITS VENEZUELA. FORMER MINISTER
OF INTERIOR MECHEL PONIATOWSKI IS VISITING VENEZUELA THIS
WEEK AS THE PERSONAL EMISSARY (WITH THE RANK OF AMBASSADOR)
OF FRENCH PRESIDENT GISCARD D'ESTAING. PONIATOWSKI
MET WITH PRESIDENT PEREZ WHERE THEPRESS REPORTS HE
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DISCUSSED THE NORTH-SOUTH DIALOGUE AND GENERAL BILATERAL
THEMES. HE IS ALSO MEETING WITH VARIOUS CABINET MINISTERS,
INCLUDING FOREIGN MINISTER ESCOVAR SALOM,
INTERNATIONAL ECONOMIC AFFAIRS MINISTER PEREZ GUERRERO
AND CORDIPLAN MINISTER AZPURUA. THE FRENCH
EMBASSY CONFIRMS PONIATOWSKI PLANNED TO DISCUSS COMMERCIAL
SUBJECTS WITH THE PRESIDENT,PROBABLY THE SUBWAY EQUIP-
MENT BID. PONIATOWSKI'S VISIT PRECEDES A REPORTED FRENCH
MINISTER OF TRADE VISIT AND FOLLOWS A 14-MEMBER TRADE
MISSION SPONSORED BY THE FRENCH MINISTER OF HOUSING AIMED
AT LOW COST PREFABRICATED HOUSING.

4. BORDONI DENIES RESPONSIBILITY FOR FAILURE OF ITALIAN
BANK. IN TESTIMONY JUNE 21 AS SCHEDULED (SEE REFTEL),
CARLO BORDONI TOLD THE SUPREME COURT THAT STATEMENTS
SUBMITTED TO THE COURTY BY THE ITALIAN JUDICIAL AUTHORITIES
SHOULD NOT BE CONSIDERED VALID UNDER VENEZUELAN LAW BECAUSE
THEY WERE NOT MADE UNDER OATH. HIS LAWYERS ALSO INFORMED
THE PRESS THAT THE ITALIAN ARREST WARRANT AGAINST
BORDONI IS ILLEGAL AND FURTHER THAT HE HAD NO RESPON-
SIBILITY FOR THE BANKRUPTCY OF THE "BANCA PRIVATA DE ITALIA."
COMMENT: THE PRESS REPORTS THAT BORDONI'S TESTIMONY IS

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THE LAST THAT WILL BE TAKEN IN REGARD TO THE ITALIAN
REQUEST FOR HIS EXTRADITION. THERE WAS NO PRESS MENTION
OF WHEN THE COURT WILL CONSIDER THE USG REQUEST.

5. MODIFICATION OF FOREIGN INVESTMENT REGULATIONS.
IN AN AN ADDRESS TO THE VENEZUELAN-AMERICAN CHAMBER OF COMMERCE
AND INDUSTRY ON JUNE 22,MINISTER OF DEVELOPMENT
LUIS ALVAREZ DOMINGUEZ STATED THAT
DECREE 63 REGULATING FOREIGN INVESTMENTS IN VENEZUELA WOULD
BE AMENDED BEFORE THE END OF NEXT MONTH TO PROVIDE
GREATER FLEXIBILITY FOR FOREIGN INVESTMENTS. MOST OF THE
AMENDMENTS MENTIONED WERE ALONG LINES PREVIOUSLY SUG-
GESTED AND ANTICIPATED FOR MANY MONTHS, BUT THE FOLLOWING
NEW ITEMS WERE INCLUDED: (1) EXTENSION OF THE "RIGID"
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FIVE-YEAR LIMIT ON LICENSING AGREEMENTS TO AS MUCH AS
10-15 YEARS AT THE DISCRETION OF THE SUPERINTENDENT OF
FOREIGN INVESTMENTS; AND (2) PERMISSION TO USE "LIMBO"
FUNDS ACCUMULATED FROM PROFITS EXCEEDING REPATRIATION
LIMITS AS LOANS TO THE FOREIGN OWNED COMPANY GENERATING
SUCH FUNDS. THE MINISTER SAID THAT THESE AND OTHER
AMENDMENTS TO DECREE 63 WOULD BE BASED ON THE CONVICTION
THAT FOREIGN INVESTMENT IS ESSENTIAL TO VENEZUELA'S
DEVELOPMENT.

6. OTHER REPORTING THIS WEEK INCLUDED LETTER FROM
VENEZUELAN PRESIDENT TO PRESIDENT CARTER (CARACAS 6274),
COUNTRY FINANCED SERVICES (CARACAS 6262), ALUMINUM
INDUSTRY OUTLOOK (CARACAS A-81) U.S. AUTOMOTIVE ASSEMBLERS
IN VENEZUELA - POTENTIAL SHOWDOWN OVER PRICE CONTROLS
(CARACAS 6191), FINANCIAL ASSISTANCE TO PORTUGAL
(CARACAS 6233), MAJOR PROJECTS - CARACAS METRO AND
PEOPLE MOVER (CARACAS 6234), INTERNATIONAL TEXTILE
AGREEMENT (CARACAS 6320), AND OCCIDENTAL PETROLEUM
CLAIM (CARACAS 6321).
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Message Attributes

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Concepts: POLITICAL SUMMARIES
Control Number: n/a
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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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TAGS: ETRD, PINS, PFOR, EINV, VE, FR
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